

Message Text

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12

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DRAFTED BY: XMB:AMOHANIAN/RLS

APPROVED BY: EB/OCA/REP:JBRABENS

WARREN W. GLICK, ACTING EXECUTIVE VICE PRESIDENT

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FM SECSTATE WASHDC

TO AMEMBASSY BEIRUT

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E.O. 11652: NA

TAGS: APUB, LE

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO LEBANON

FOLLOWING IS FINAL TEXT, REPEAT FINAL TEXT OF EXPORT-IMPORT
BANK RELEASE ON THE DIRECT CREDIT OF DOLS 36 MILLION TO MIDDLE
EAST AIRLINES, S.A.R.L. (MEA) OF BEIRUT, LEBANON. RELEASE
IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR
A.M. PAPERS, TUESDAY, NOVEMBER 12, 1974.

QUOTE: EXIMBANK CREDIT OF DOLS 36 MILLION SUPPORTS DOLS 120
MILLION SALE OF U.S. JET AIRCRAFT TO LEBANON

TO SUPPORT A DOLS 120 MILLION SALE OF THREE 747-200B
AIRCRAFT PLUS RELATED SPARE PARTS AND GROUND SUPPORT EQUIPMENT
TO LEBANON, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK
OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF DOLS
36 MILLION TO FINANCE 30 PERCENT OF THE TOTAL U.S. COSTS
ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. CREDITS
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OF DOLS 60 MILLION FROM A CONSORTIUM OF U.S. AND FOREIGN

COMMERCIAL BANKS WILL FINANCE 50 PERCENT OF THE TOTAL COSTS. PRIVATE EXPORT FUNDING CORPORATION (PEFCO), OF NEW YORK CITY, WILL PROVIDE A CREDIT OF DOLS 12 MILLION TO COVER 10 PERCENT OF THE U.S. COSTS. THE BALANCE OF THE U.S. COSTS OF 10 PERCENT OR DOLS 12 MILLION WILL BE A CASH PAYMENT BY THE OBLIGOR, MIDDLE EAST AIRLINES, S.A.R.L. (MEA) OF BEIRUT, LEBANON.

DELIVERIES OF THE AIRCRAFT BY THE BOEING COMPANY OF SEATTLE, WASHINGTON, ARE SCHEDULED FOR MAY, JUNE AND SEPTEMBER 1975. MEA WILL USE THE AIRCRAFT ON EXISTING ROUTES TO EUROPE AND THE MIDDLE EAST.

THE LOANS ARE TO BE REPAYED IN 20 SEMIANNUAL INSTALLMENTS BEGINNING JANUARY 10, 1976. INTEREST ON EXIMBANK'S CREDIT IS TO BE CHARGED AT 8 AND 1/2 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE FINANCING FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 11.75 PERCENT TO 12 PERCENT PER ANNUM. REPAYMENT OF THE EXIMBANK AND PEFCO CREDITS IS TO BE GUARANTEED BY CHASE MANHATTAN BANK N.A., UNION DE BANQUES ARABES ET FRANCAISES AND CREDIT LYONNAIS OF FRANCE. UNQUOTE
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